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## UNITED STATES DEPARTMENT OF AGRICULTURE

## AGRICULTURAL ADJUSTMENT ADMINISTRATION

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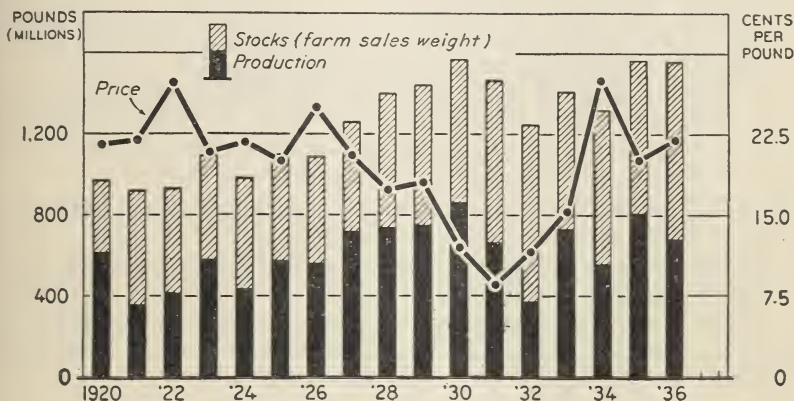
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## FLUE-CURED TOBACCO

## Questions and Answers

U. S. Department of Agriculture

The questions and answers concerning flue-cured tobacco which are contained in this leaflet are for use by farmers in connection with the 1937 Agricultural Conservation Program. It is believed that they will be found helpful in reaching conclusions as to the acreage of flue-cured tobacco which should be grown in 1937 in order to meet requirements for domestic consumption and export at fair prices.



**SUPPLY AND PRICE OF FLUE-CURED TOBACCO IN THE UNITED STATES:** Normally, a change in the supply of flue-cured tobacco results in a price change in the opposite direction. This is demonstrated in nearly all of the years included in the chart but may be modified by significant changes in economic conditions or other factors. For example, in 1931 the price declined notwithstanding a decrease of supply; in 1933 the price increased although the supply was larger than in 1932, and in 1934 the increase in price was out of proportion to the moderate decrease in supply. Important factors in these years were substantial changes in demand and, in 1933 and 1934, effects of programs of the Agricultural Adjustment Administration.

## I. DISAPPEARANCE

1. How much flue-cured tobacco was consumed in the United States and exported during the marketing year July 1, 1935, to June 30, 1936?

About 692 million pounds, as indicated by disappearance.

2. What is meant by the term "disappearance"?

Disappearance is the difference between the supply (that is, production plus domestic stocks) in the United States at the beginning of the marketing year and stocks which remained at the end of that year.

3. How does the 1935-36 disappearance compare with the disappearance of the preceding year?

It is about 125 million pounds greater.

4. How does it compare with that of other periods?

It is almost 100 million pounds more than the average during the 4 marketing years 1931-32 to 1934-35 and about 12 million pounds less than the average during the 4 marketing years 1927-28 to 1930-31.

## II. DOMESTIC CONSUMPTION

5. How much of this 692 million pounds was consumed in the United States?

About 45 percent.

6. How does the estimated domestic consumption during the 1935-36 marketing year compare with estimated domestic consumption during the preceding marketing year?

It is about 7½ percent greater.

7. How does the estimated quantity consumed in the United States during the 1935-36 marketing year compare with the estimated quantity consumed during other recent periods?

It is about 18 percent more than the estimated average consumption during the 4 marketing years from July 1, 1931, to June 30, 1935, and 30 percent more than the estimated average domestic consumption during the 4 marketing years 1927-28 to 1930-31.

8. To what may this increase in domestic consumption be attributed?

Chiefly, to the increased use of cigarettes.

9. What percentage of the total domestic consumption of flue-cured tobacco is used in cigarettes?

Approximately 77 percent of the total domestic consumption of flue-cured tobacco was used in cigarettes during the 1935-36 marketing year.

10. How much has the consumption of cigarettes in the United States increased above the lowest level reached during the depression?

Cigarette consumption in the United States, as indicated by tax-paid withdrawals was 34 percent greater in the marketing year 1935-36 than in the marketing year 1931-32.

11. How many cigarettes have been consumed in the United States annually during recent years?

The number of cigarettes consumed in the United States during the 1935-36 marketing year, as indicated by tax-paid withdrawals, was 142 billion cigarettes compared with 128 billion in 1934-35, 117 billion in 1933-34, 109 billion in 1932-33, and 114 billion on the average during the five-year period 1928-32.

12. What has been the trend in the consumption of flue-cured tobacco in smoking tobacco in the United States in recent years?

It is estimated that the consumption of flue-cured tobacco in smoking tobacco increased from about 13 percent of the domestic consumption of flue-cured tobacco on the average during the five marketing years 1926-27 to 1930-31 to about 23 percent of the domestic consumption during the 1933-34 marketing year, but it declined to about 19 percent during the 1935-36 marketing year.

13. To what may these changes in consumption be attributed?

Chiefly, to changes in the use of hand-rolled cigarettes during these years.

14. Is flue-cured tobacco used in an appreciable amount in other tobacco products in the United States?

During the past marketing year approximately 4 percent of the estimated domestic consumption of flue-cured tobacco was in plug chewing tobacco.

15. What is the trend in the consumption of plug chewing tobacco in the United States?

The trend in the consumption of plug chewing tobacco in the United States has been downward for several years.

16. Is the increase in the total domestic consumption of flue-cured tobacco expected to continue during the 1936-37 marketing year?

In view of the anticipated increase in consumer income, it is expected that the consumption of flue-cured tobacco during the 1936-37 marketing year will continue to increase. This is based upon the assumption that the consumption of flue-cured tobacco in cigarettes will increase sufficiently to more than offset any decline in the consumption of flue-cured tobacco in other products.

### III. EXPORTS

17. What part of the United States flue-cured tobacco crop has been exported during recent years?

During the 5 marketing years, 1931-32 to 1935-36, the quantity exported was equal to about 55 percent of the production during the 5 years 1931-35.

18. How much flue-cured tobacco was exported from the United States during the marketing year July 1, 1935, to June 30, 1936?

Approximately 375 million pounds, farm sales weight.

19. How does this quantity compare with exports during recent years?

It is about 30 percent above exports of the preceding year, and approximately 3 percent less than exports during 1933-34. It is about 12 percent above the average annual exports during the 4-year period from July 1, 1931, to June 30, 1935, and 21 percent below the average annual exports during the 4-year period from July 1, 1927, to June 30, 1931.

20. What are the most important foreign markets for United States flue-cured tobacco?

The United Kingdom, China, Australia, Japan, Canada, and countries of continental Europe.

21. What part of the flue-cured tobacco exported from the United States goes to the United Kingdom?

Approximately 45 percent of United States exports of flue-cured tobacco during the 5-year period from July 1, 1928, to June 30, 1933, went to the United Kingdom.



22. Does the United States furnish as large a part as formerly of the flue-cured tobacco used in the United Kingdom?

No: Whereas practically all the flue-cured tobacco used in the United Kingdom was obtained from the United States prior to 1920, at the present time it is estimated that from 85 to 90 percent is obtained from the United States and from 10 to 15 percent is obtained from Empire-countries.

23. What has been the reason for this change?

The tariff on tobacco imported into the United Kingdom from countries of the British Empire is around 20 percent less than the tariff on tobacco imported from the United States.

24. What countries furnish the Empire-grown flue-cured tobacco used in the United Kingdom?

Nearly all the Empire-grown flue-cured tobacco used in the United Kingdom is furnished by southern Africa and Canada. Recently, India has supplied some tobacco of this type on the British market.

25. What is the trend in quantity of United States flue-cured tobacco consumed in the United Kingdom?

Although the *proportion* of the consumption which is from the United States is less than it was prior to 1920, the *quantity* of United States flue-cured tobacco consumed in the United Kingdom has been increasing for several years. Improved business conditions and increased industrial activity in recent years are being reflected in increased consumption of tobacco, especially of cigarettes in which United States flue-cured tobacco is used.

26. What is the outlook for exports of flue-cured tobacco to the United Kingdom during the 1936-37 marketing year?

Exports to the United Kingdom during the 1936-37 marketing year are not likely to reach the record level of 1935-36, since a large part of the imports of 1935-36 went to replenish stocks which were low at the beginning of that year. Since stocks at the beginning of the present marketing year were estimated to be about normal, it appears that exports during this year probably will approximate the consumption of United States flue-cured tobacco in the United Kingdom during this 12-month period.

27. How much flue-cured tobacco did the United States export to China during the 1935-36 marketing year?

Around 27 million pounds, farm sales weight, or about 7 percent of the total exports of United States flue-cured tobacco during this period.

28. How does this compare with United States exports of flue-cured tobacco to China during other recent years?

It is about 3 million pounds below the exports of 1934-35 and more than 100 million pounds below the average annual exports during the 5-year period 1928-29 to 1932-33. During the latter period, China took approximately 30 percent of the flue-cured tobacco exported from the United States.

29. What has been the cause of this decline in exports of flue-cured tobacco to China?

Three principal causes have contributed to this decline: Increased production of flue-cured tobacco in China since the World War;

decreased consumption of tobacco products resulting from unfavorable economic conditions; high internal taxes on cigarettes containing a large proportion of United States flue-cured tobacco which have tended to shift consumption to cigarettes containing a large proportion of Chinese tobacco, the taxes on which are much lower.

30. What is the outlook for exports to China during the 1936-37 marketing year?

Exports to China during the present marketing year are expected to increase over the 1935-36 marketing year, chiefly because improved consumer purchasing power is encouraging the consumption of cigarettes containing United States flue-cured tobacco and because stocks of United States flue-cured tobacco in China are low.

31. How much flue-cured tobacco is exported from the United States to countries other than the United Kingdom and China?

Exports to approximately 70 countries other than the United Kingdom and China averaged 25 percent of the total exports of flue-cured tobacco from the United States during the 5 marketing years from 1928-29 to 1932-33.

32. What is the outlook for exports of flue-cured tobacco from the United States to countries other than the United Kingdom and China?

(a) In the case of Japan it appears that flue-cured exports from the United States during the current year will be about in line with the level of other recent years. Production of flue-cured tobacco in Japan, Chosen, and Manchuria is increasing, but Japanese consumption of products in which flue-cured tobacco is used also is increasing.

(b) Exports of flue-cured tobacco to Canada have been declining since the 1930-31 marketing year, while Canadian production of flue-cured tobacco has been increasing. In 1936 the acreage of flue-cured tobacco in Canada increased to 40,000 acres from 35,000 acres in 1935. However, the 1936 crop was reduced by severe frost damage.

(c) Flue-cured exports to Australia have increased each year since the 1932-33 marketing year; for 1935-36, they were near the level which prevailed from 1926-27 to 1930-31.

(d) Prospects for exports to Germany are unfavorable. However, in other European countries which take flue-cured tobacco the situation appears to be improving. In most of these countries consumption is shifting toward cigarettes containing flue-cured tobacco.

33. Will exports to these countries and China increase sufficiently to offset a decline in exports to the United Kingdom?

It appears unlikely that exports to these countries during the 1936-37 marketing year will increase sufficiently to offset the probable decline in exports to the United Kingdom. Consequently, the total quantity of flue-cured tobacco exported from the United States during the current marketing year probably will be slightly less than that exported in 1935-36.

#### IV. ACREAGE

34. What was the acreage of flue-cured tobacco in the United States in 1936?

About 881,000 acres, according to the December estimate of the Crop Reporting Board.

35. How does the 1936 acreage compare with acreages of past years?

It is approximately 7,000 acres more than the acreage in 1935 and about 197,000 acres greater than that of 1934.

36. What was the total base acreage of flue-cured tobacco in the United States under the 1936 Agricultural Conservation Program?

Approximately 1,077,000 acres.

37. What percentage of the base acreage of flue-cured tobacco was under the 1936 Agricultural Conservation Program?

Approximately 75 percent, as indicated by a preliminary tabulation of work sheets filed by farmers in connection with this program.

38. Under the provisions of the 1936 Agricultural Conservation Program, what was the maximum percentage of the base acreage of flue-cured tobacco which could be diverted for payment?

30 percent.

39. What is the maximum percentage of the base acreage of flue-cured tobacco for which payment will be made for diversion under the 1937 Agricultural Conservation Program?

25 percent.

#### V. YIELD AND PRODUCTION

40. What was the yield of flue-cured tobacco in the United States in 1936?

About 789 pounds per acre, according to the December estimate of the Crop Reporting Board.

41. How does this compare with yields of other years?

It is 139 pounds per acre less than the abnormally high yield of 928 pounds per acre in 1935, 25 pounds per acre less than the yield of 814 pounds per acre in 1934, and 98 pounds per acre more than the average yield during the 10-year period 1924-33.

42. How much flue-cured tobacco was produced in the United States in 1936?

About 695 million pounds, according to the December estimate of the Crop Reporting Board.

43. How does this compare with production during recent years?

It is about 116 million pounds less than the 1935 crop, about 138 million pounds more than the 1934 crop, and about 15 million pounds more than the average during the 5-year period 1928-32.

#### VI. VALUE

44. What is likely to be the season average price received by farmers for the 1936 crop of flue-cured tobacco?

About 22 cents per pound, based upon sales through November 1936.

45. How does this compare with prices during recent years?

In 1935 the season average price of flue-cured tobacco was 20 cents per pound. In 1934 it was 27.3 cents per pound. In 1931, 1932, and 1933, prices were 8.4, 11.6, and 15.3 cents per pound, respectively.



46. What will be the approximate farm value of the 1936 crop?  
At 22 cents per pound, it will be approximately 153 million dollars.
47. What was the farm value of the 1935 crop?  
Approximately 162 million dollars.
48. How do these values compare with farm values in recent years?  
The farm value of the 1934 crop was approximately 152 million dollars. In 1931, 1932, and 1933, the farm values were 56 million dollars, 43 million dollars, and 112 million dollars, respectively.

#### VII. SUPPLY

49. What was the amount of stocks of flue-cured tobacco in the United States on July 1, 1936?  
About 871 million pounds, farm sales weight.
50. How does this quantity compare with stocks on July 1 of previous years?  
It is 118 million pounds more than stocks on July 1, 1935, and about 100 million pounds more than the average stocks on July 1 of the years 1931 through 1935.
51. What was the total supply of flue-cured tobacco in the United States as of July 1, 1936?  
About 1,566 million pounds, farm sales weight, taking into account the 1936 crop and domestic stocks on July 1, 1936.
52. How does this compare with the total supply of flue-cured tobacco on July 1 of previous years?  
It is approximately the same as the supply on July 1, 1935, and 166 million pounds more than the average supply on July 1 during the 5 years, 1930-34.
53. Is the 1936-37 supply excessive?  
It is about normal in relation to prospective demands for domestic consumption and export. The 1936-37 supply is sufficient to last approximately 27 months at the rate of disappearance of the past year compared with a supply sufficient to last about 27 months on the average during the 5 years 1930-31 to 1934-35.
54. How much flue-cured tobacco should be grown in the United States in 1937 in order to maintain a normal relationship of supply to disappearance?  
A study of table 2, together with questions 16 and 33, will be helpful in arriving at the answer to this question. If it is assumed that disappearance during the current marketing year will be approximately the same as that of the past year, stocks in the United States on July 1, 1937, would be about the same as those of July 1, 1936. With this quantity in stock, it appears that a crop of from 700 to 720 million pounds in 1937 would maintain this relationship.
55. What acreage should be planted to flue-cured tobacco in the United States in 1937?  
A study of tables 1 and 3, together with questions 40 and 41, will be helpful in arriving at the answer to this question. If it is assumed that a crop of from 700 to 720 million pounds is desirable and that the yield in 1937 will approximate that of 1936 (that is, around 790 pounds per acre), the desired acreage would be between 885,000 acres and 910,000 acres.

TABLE 1.—TOBACCO, FLUE-CURED: Acreage, yield per acre, production, price, and farm value, 1926-36

Year	Acreage harvested	Yield per acre	Production	Season average farm price per pound	Farm value
	<i>1,000 acres</i>	<i>Pounds</i>	<i>Million pounds</i>	<i>Cents</i>	<i>Million dollars</i>
1926	800.7	699	560.1	24.9	139.7
1927	958.3	750	718.8	20.5	147.3
1928	1,119.9	660	739.1	17.3	128.1
1929	1,085.7	691	750.0	18.0	134.9
1930	1,142.2	756	865.2	12.0	103.4
1931	979.5	684	669.5	8.4	56.4
1932	617.5	605	373.7	11.6	43.4
1933	920.6	797	733.4	15.3	112.1
1934	684.2	814	556.8	27.3	151.7
1935	874.0	928	811.2	20.0	162.2
<sup>1</sup> 1936	881.0	789	695.1	22.0	152.9

<sup>1</sup> Preliminary.

Compiled from reports of the Bureau of Agricultural Economics.

TABLE 2.—TOBACCO, FLUE-CURED: Production, stocks, supply, and disappearance, 1926-36

Year	Production	Stocks at beginning of marketing year (farm sales weight)	Supply at beginning of marketing year (production plus stocks)	Stocks at end of marketing year (farm sales weight)	Disappearance during marketing year	Number years supply (supply divided by disappearance)
	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Million pounds</i>	<i>Number</i>
1926	560.1	523.7	1,083.8	538.9	544.9	2.0
1927	718.8	538.9	1,257.7	657.9	599.8	2.1
1928	739.1	657.9	1,397.0	688.8	708.2	2.0
1929	750.0	688.8	1,438.8	703.4	735.4	2.0
1930	865.2	703.4	1,568.6	794.5	774.1	2.0
1931	669.5	794.5	1,464.0	867.0	597.0	2.5
1932	373.7	867.0	1,240.7	675.8	564.9	2.2
1933	733.4	675.8	1,409.2	763.0	646.2	2.2
1934	556.8	763.0	1,319.8	752.6	567.2	2.3
1935	811.2	752.6	1,563.8	871.3	692.5	2.3
<sup>1</sup> 1936	695.1	871.3	1,566.4	-----	-----	-----

<sup>1</sup> Preliminary.

Compiled from reports of the Bureau of Agricultural Economics.

TABLE 3.—TOBACCO, FLUE-CURED: Acreage required to produce the indicated quantities at specified yields per acre

Yield per acre	Acreage required to produce—					
	649 million pounds	660 million pounds	680 million pounds	700 million pounds	720 million pounds	740 million pounds
<i>Pounds</i>	<i>1,000 acres</i>	<i>1,000 acres</i>	<i>1,000 acres</i>	<i>1,000 acres</i>	<i>1,000 acres</i>	<i>1,000 acres</i>
750	853	880	907	933	960	987
760	842	868	895	921	947	974
770	831	857	883	909	935	961
780	821	846	872	897	923	949
790	810	835	861	886	911	937
800	800	825	850	875	900	925
810	790	815	840	864	889	914
820	780	805	829	854	878	902
830	771	795	819	843	867	892
840	762	786	810	833	857	881
850	753	776	800	824	847	871